

FEDERAL EMERGENCY MANAGEMENT AGENCY

# Semiannual Report



**OFFICE OF INSPECTOR GENERAL**

**April 1, 2002 – September 30, 2002**



# Statistical Highlights of OIG Activities

---

## **DOLLAR IMPACT** (in thousands)

Questioned Costs .....	\$ 5,398
Funds Put to Better Use .....	\$ 0

### Management Agreement That Funds Be:

Recovered .....	\$ 1,120
Deobligated .....	\$ 8,639

Funds Recovered .....	\$11,986
Funds Deobligated .....	\$ 150

Fines and Restitutions .....	\$ 245
Administrative Cost Savings and Recoveries .....	\$ 328

---

## **ACTIVITIES**

OIG Reports Issued .....	30
Contract Reports Processed .....	7
Single Audit Reports Processed .....	20
Investigative Cases Opened .....	235
Investigative Cases Closed .....	96

Arrests .....	74
Indictments .....	75
Convictions .....	51
Personnel Actions .....	2

Complaints Received .....	566
Hotline Complaints Received .....	738
Hotline Referrals (to programs or other agencies) .....	37
Hotline Complaints Closed .....	1,424





# Federal Emergency Management Agency

---

## Office of Inspector General

October 30, 2002

The Honorable Joe M. Allbaugh  
Director  
Federal Emergency Management Agency  
Washington, DC 20472

Dear Mr. Allbaugh:

The Inspector General Act of 1978 (Public Law 95-452), as amended, requires the preparation of a Semiannual Report to Congress summarizing the activities of my office. I am pleased to enclose the report for the period from April 1, 2002 to September 30, 2002. The Act also mandates that you transmit this report to the appropriate committees of Congress within 30 days of receipt, together with any comments you may wish to make.

During this reporting period, we assessed the extent to which funds from the Hazard Mitigation Grant Program and the Flood Mitigation Assistance program are used to address the Nation's repetitive flood loss problem. We also evaluated the extent to which preferred risk flood insurance policies are being written on structures that are ineligible for preferred risk coverage based on loss history. In addition, we reviewed four States' grants management processes and financial reporting to FEMA. We continued our efforts to review States' disaster grant management processes, disaster costs, and subgrantee compliance with applicable laws and regulations. We also reviewed information security programs as mandated by the Government Information Security Reform Act. Finally, we investigated allegations of fraud and abuse by disaster recipients and continued our prevention activities through disaster fraud management training and integrity awareness presentations.

Our efforts yielded significant monetary and non-monetary results during the past 6 months, including \$12.1 million in recoveries and deobligations, and the agreement of management officials to collect or deobligate an additional \$9.8 million. Additionally, we questioned costs totaling \$5.4 million. Our efforts also resulted in 149 arrests and/or indictments and 51 convictions.

My staff and I are committed to working closely with you toward the goal of promoting effectiveness, economy, and efficiency in FEMA's programs and operations.

Sincerely,

Richard L. Skinner  
Deputy Inspector General

Enclosure



# Table of Contents

Section	Page
1. EXECUTIVE SUMMARY .....	1
2. FEDERAL EMERGENCY MANAGEMENT AGENCY .....	3
3. OFFICE OF INSPECTOR GENERAL .....	5
4. SUMMARY OF SIGNIFICANT OIG ACTIVITY .....	7
Terrorism Response & Recovery .....	8
Disaster Response & Recovery .....	9
Federal Insurance & Mitigation .....	11
Administration & Resource Planning .....	12
Information Technology .....	13
Other Activities .....	14
5. PREVENTION ACTIVITIES .....	17
Hotline Complaints .....	17
Disaster Fraud Management Training .....	17
OIG Law Enforcement Task Force Activities .....	17
Integrity Awareness .....	18
Income Verification .....	18
6. OTHER OIG ACTIVITIES .....	19
Oversight of Non-FEMA Audits .....	19
Audit Reports Unresolved Over Six Months .....	19
7. LEGISLATIVE AND REGULATORY REVIEWS .....	21
8. FY 2002 ANNUAL PERFORMANCE REPORT .....	23
9. APPENDICES .....	25
10. INDEX OF REPORTING REQUIREMENTS .....	35
11. CUSTOMER SURVEY FORM .....	37





# Executive Summary

This is the 27th semiannual report issued by the Office of Inspector General (OIG), Federal Emergency Management Agency (FEMA), since becoming a statutory Inspector General office in April 1989. It is issued pursuant to the provisions of the Inspector General Act of 1978 (Public Law 95-452), as amended, and covers the period from April 1, 2002, through September 30, 2002. All activities and results reported fall within the reporting period unless otherwise noted.

During this reporting period, we performed several reviews that addressed issues identified in the list of 10 areas the OIG considered to be the most serious management challenges facing FEMA. We assessed the extent to which funds from the Hazard Mitigation Grant Program and the Flood Mitigation Assistance program are used to address the Nation's repetitive flood loss problem. We also evaluated the extent to which preferred risk flood insurance policies are being written on structures that are ineligible for preferred risk coverage based on loss history. In addition, we reviewed four States' grants management processes and financial reporting to FEMA. We devoted significant resources to reviewing disaster costs and grant recipients' compliance with applicable laws and regulations. We investigated numerous allegations of fraud and abuse by disaster recipients. We continued to support Agency managers to improve the overall operations of the Agency through participation on task forces and working groups. We also reviewed information security programs as mandated by the Government Information Security Reform Act.

Our audits, inspections, and investigations were instrumental in FEMA management deobligating and recovering \$12.1 million, and in making agreements to recover and deobligate an additional \$9.8 million. We issued 30 audit and inspection reports to FEMA and processed an additional 27 reports issued by non-FEMA auditors; closed 96 investigations; arrested and/or indicted 149 individuals/companies; convicted 51 individuals and closed 1,424 hotline complaints.



## Who controls the OIG's documents and information?

The OIG controls its own records. Requests for information pertaining to OIG documents and information go directly to the OIG.





# Federal Emergency Management Agency

**FEMA** is the Federal agency charged with building and supporting the Nation's emergency management system. It works in partnership with groups such as State and local emergency management agencies, fire departments, other Federal agencies, the American Red Cross and other volunteer organizations. FEMA is authorized 2,609 full-time employees, who assist individuals, families, communities, and States throughout the disaster cycle. They help to plan for disasters, develop mitigation programs, and meet human and infrastructure needs when major disasters occur. They work at FEMA headquarters in Washington, D.C.; 10 regional offices and facilities around the country and in the Caribbean and Pacific; FEMA's National Emergency Training Center in Emmitsburg, Maryland; National Processing Centers in Hyattsville, Maryland, and Denton, Texas; and Mt. Weather Emergency Operations Center in Berryville, Virginia. FEMA also maintains a cadre of temporary disaster employees ready to help when disasters occur.

The U.S. Fire Administration and the Federal Insurance and Mitigation Administration (FIMA) are under FEMA's jurisdiction. The U.S. Fire Administration supports the Nation's fire and emergency medical services communities with training, public education, and research in fire protection technologies and emergency response procedures. The FIMA makes flood insurance available to residents and businesses in communities that agree to enforce floodplain management practices. More than 19,000 communities participate in the National Flood Insurance Program, which has more than 4.2 million home and business policies in effect.



# Office of Inspector General

Congress enacted the Inspector General Act in 1978 to ensure integrity and efficiency in Government. A 1988 amendment to the Act (Public Law 100-504) created the position of Inspector General in FEMA, subject to presidential appointment and senatorial confirmation. Before April 16, 1989, when the law became effective, the OIG was established administratively and the Director of FEMA appointed the Inspector General.

The statute conferred new authorities and responsibilities on the OIG, including the power to issue subpoenas; responsibility for various reports, such as this semiannual report; and authority to review relevant proposed laws and regulations to determine their potential impact on FEMA programs and operations. The law also mandates that the OIG audit and investigate FEMA programs.

The OIG is authorized 200 full-time employees who help to improve the quality of FEMA services and assist FEMA in accomplishing its goals and objectives effectively and efficiently. The work of 110 of these employees, strategically located throughout the country, is dedicated to audit and investigation activities involving FEMA disaster relief programs. The OIG has four divisions—Audit, Inspections, Investigations, and Management Services.



# Summary of Significant OIG Activity

---



## **Is OIG responsible for all audits within FEMA?**

Yes. The OIG is responsible for performing or contracting for all FEMA audits as well as establishing procedures for management requested audits. In addition, the OIG serves as the focal point with other agencies to coordinate work efforts and avoid duplication.

## SUMMARY OF SIGNIFICANT OIG ACTIVITY

We completed several reviews that addressed issues identified in our Fiscal Year 2001 Annual Performance Plan. Particular emphasis was placed on issues identified as the 10 most serious management challenges facing FEMA. Those challenges included: (1) containing disaster costs; (2) clarifying disaster declaration criteria; (3) sustaining the national mitigation program; (4) assessing State and local preparedness; (5) enhancing the National Flood Insurance Program's financial soundness and equity; (6) updating flood maps; (7) developing reliable procedures for complying with the Government Performance and Results Act of 1993; (8) enhancing financial management operations; (9) developing a viable grants management program, and (10) implementing and maintaining information management systems.

We issued 9 internal management reports on FEMA operations. We also issued 21 external reports on Federal fund recipients and processed an additional 27 reports performed by non-FEMA auditors. These reports questioned \$5.4 million in costs

We dedicated significant resources to reviewing State compliance with disaster grants management regulations and financial reporting requirements. We also evaluated the extent to which funds from the Hazard Mitigation Grant Program and the Flood Mitigation Assistance Program are used to address the Nation's repetitive flood loss problem. Particular emphasis was also placed on evaluating the Agency's information systems and information security.

The following are summaries of some significant audits, inspections, and investigations completed by the OIG

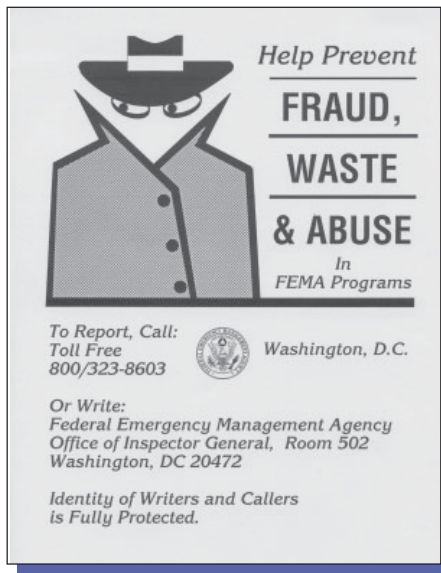
during the reporting period relating to the administration of FEMA's programs and operations.

## TERRORISM RESPONSE & RECOVERY

### World Trade Center, New York

The FEMA Office of Inspector General responded to the World Trade Center (WTC) disaster on Monday, September 17, 2001. Both auditors and investigators have remained on site since that time actively auditing and investigating allegations or complaints of fraud, waste, and abuse involving FEMA programs. We provided fraud awareness and financial accountability briefings to FEMA, State, and City disaster personnel and created a permanent satellite office in Manhattan. We are currently auditing the City's major debris removal contracts and working with the Manhattan District Attorney's Office, the Southern and Eastern Districts of the United States Attorney's Offices, and the State of New York Attorney General's Office. The OIG's investigative cases are being coordinated with the New York Police Department, Port Authority Police Department, New York Department of Investigations, Small Business Administration OIG, Internal Revenue Service Criminal Investigation Division, General Services Administration OIG, Social Security Administration OIG, and others. For the period covered by this report, we have:

- Opened 395 fraud complaints.
- Opened 75 investigations directly related to the WTC disaster. Of that number, 18 cases have been closed



The OIG Hotline poster must be posted in all FEMA facilities.

and 57 are actively being investigated. Many of these cases are joint investigations with the Federal Bureau of Investigation, Social Security Administration OIG, the General Services Administration OIG, New York Department of Investigations, and other law enforcement agencies.

- Arrested 28 people on various criminal charges.
- Initiated two reviews to ensure the proper use of FEMA program funds.
- Reviewed accounting systems of subgrantees and provided guidance on potential improvements to better account for FEMA funds.

## DISASTER RESPONSE & RECOVERY

### Miami, Florida

As a result of flooding from a tropical storm, Dade County, Florida, received a Presidential disaster declaration. A joint proactive investigative effort with the Florida Department of Law Enforcement's Public Assistance Fraud Unit and the FEMA OIG determined that approximately 200 individuals were suspected of filing a false claim regarding disaster food stamps. During this reporting period we arrested seven (7) subjects that were charged with State of Florida criminal violations and prosecuted by the Florida State Attorney General's Office. The majority of the investigations pertained to making false statements on FEMA Disaster Assistance Applications.

### Nisqually Earthquake Seattle, Washington

In June of 2001, a Presidential disaster was declared following the Nisqually Earthquake in Seattle, Washington. The Compass Center Men's Shelter sustained severe damage and was declared uninhabitable. The residents of the Compass Center were eligible for Temporary

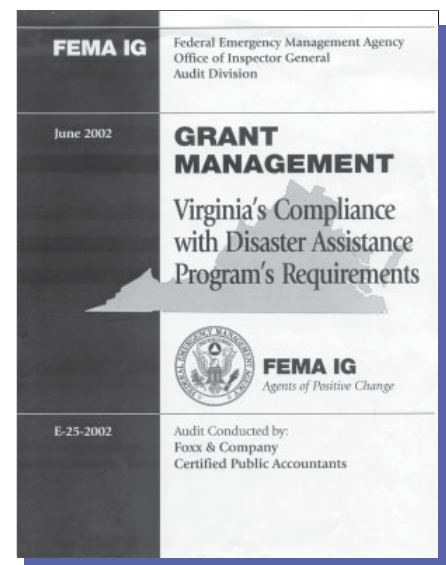
Housing and Individual Family Grant assistance. Our investigators determined that 62 individuals applied for and received FEMA assistance by stating that they were residing at the Compass Center when, in fact, they were not. Based on these 62 fraudulent claims, FEMA disbursed \$146,000. The U.S. Attorney's Office and the King County District Attorney's Office agreed to review and prosecute a select number of the fraudulent claims in this case.

### States' Management of the Disaster Assistance Program

Under its disaster assistance programs, FEMA awards funds to the States where the disasters occur for public assistance, individual and family assistance, and hazard mitigation. The States serve as grant recipients and are responsible for administering the funds under the program, including all subgrants made by States for disaster response and recovery operations.

We reviewed the disaster grants management systems and practices of four States covering 29 disasters and \$251 million: Iowa, Maine, New Mexico, and Virginia. The objective of the reviews was to determine whether the States administered the funds according to applicable Federal regulations and FEMA guidelines. We identified a number of problems.

For example, States often do not file required financial reports, and when they do, FEMA regional offices do not adequately review or reconcile the reports. States do not have adequate support for all costs claimed and do not segregate State management and administrative allowances to allow for proper allocation to disaster programs. There continues to be a widespread level of non-compliance with the submission of States' administrative plans. In addition, quarterly progress reports are not submitted to FEMA in a timely manner and, when submitted, contain errors and inconsis-



**The OIG has issued 18 reports on the States' Management of the Disaster Assistance Program. An additional 18 States are under review.**



tent information. FEMA regional offices are lax in enforcing the State reporting requirements. Finally, States are not adequately monitoring subgrantees and reporting on their progress. These deficiencies are indicative of an inadequate grants management program. FEMA needs to take the initiative to assist the States in developing reliable grants management systems.

### **Virgin Islands Department of Education**

The Virgin Islands (V.I.) Office of Management and Budget awarded the V.I. Department of Education a \$6.4 million hazard mitigation grant to retrofit, reinforce, and upgrade the roof and wall systems on 25 buildings at St. Thomas' Charlotte Amalie High School and 10 buildings at St. Croix's Central High School that were damaged by Hurricane Marilyn in September 1995. The V.I. Government's final claim contained questioned costs of \$292,500 resulting from a payment made for services under a contract change order, that was also covered and paid for under the initial contract. We recommended that FEMA disallow the questioned costs.

### **Puerto Rico Municipality of Hormigueros**

The Puerto Rico Office of Management and Budget awarded the Municipality \$2.7 million to remove debris, provide emergency protective measures and repair roads and other facilities damaged as a result of Hurricane Georges in September 1998. The Municipality's claim included questioned costs of \$1,066,515 consisting of unsupported, excessive, and ineligible charges, and small projects that were not implemented or properly completed. We recommended that FEMA disallow the questioned costs.

### **City of Key West Utility Board**

The Florida Department of Community Affairs awarded the City of Key West Utility Board \$6.8 million to remove debris, provide emergency protective measures, repair equipment, and restore electrical lines damaged as a result of Hurricane Georges in September 1998. The Board's claim included questioned costs of \$256,020 (Federal Share (FS) \$192,015) resulting from unapplied credits, duplicate charges, excess fringe benefits, and unauthorized and ineligible project charges. We recommended that FEMA disallow the questioned costs.

### **Vehicle Inspector Harris County (Houston), Texas**

A Vehicle Inspector was terminated from FEMA/Texas Individual Family Grant Program on September 12, 2001. An investigation was initiated after the Vehicle Inspector failed to return an issued cell phone and camera. The investigation determined that the Vehicle Inspector had been demanding and receiving \$100 or personal property equivalent to \$100 (stereos, CDs, etc...) for vehicle inspections. Even after dismissal, the Vehicle Inspector has continued posing as a FEMA Inspector and continued asking for and taking bribes. The Houston FBI and FEMA OIG opened a joint investigation in this case. On June 24, 2002, the former Vehicle Inspector pleaded guilty to seven (7) Bribery counts. Sentencing is scheduled for November 4, 2002. The Vehicle Inspector remains confined to a halfway house until sentencing.



**September 25, 1995**

### **Virgin Islands**

**Youngsters help FEMA  
distribute food and water  
to residents. Eight people  
died and more than  
\$2 billion in property  
damage was caused by  
Hurricane Marilyn.**

## FEDERAL INSURANCE & MITIGATION

### Invalid Preferred Risk Policies Based on Loss History

A preferred risk policy (PRP) has a lower premium than a Standard Flood Insurance Policy and is available for structures located in low to moderate risk areas. A structure is no longer eligible for a PRP if: it has received two flood insurance payments or two disaster relief payments, more than \$1,000; three flood insurance payments or three disaster relief payments, regardless of amount; or one flood insurance payment and one disaster relief payment, more than \$1,000.

We evaluated the extent to which preferred risk policies are being written on structures that were ineligible for preferred risk coverage based on loss history. Improvements are needed in identifying and resolving invalid PRPs based on loss history.

We made recommendations to Federal Insurance and Mitigation Administration (FIMA), the Response and Recovery Directorate, and the Information Technology Directorate to improve the management of invalid PRPs.

### Extent that Mitigation Funds are Used to Address Repetitive Flood Loss and Other Related Issues

We evaluated the extent that funds from the Hazard Mitigation Grant Program and the Flood Mitigation Assistance program are used to address the Nation's repetitive flood loss problem and other issues involving (1) the effective use of mitigation programs in addressing repetitive flood loss properties, (2) collection and dissemination of repetitive flood loss property data, (3) management of the repetitive flood loss problem, (4) impediments to the mitigation of repetitive flood loss properties,

and (5) proposed legislation addressing repetitive losses from flooding.

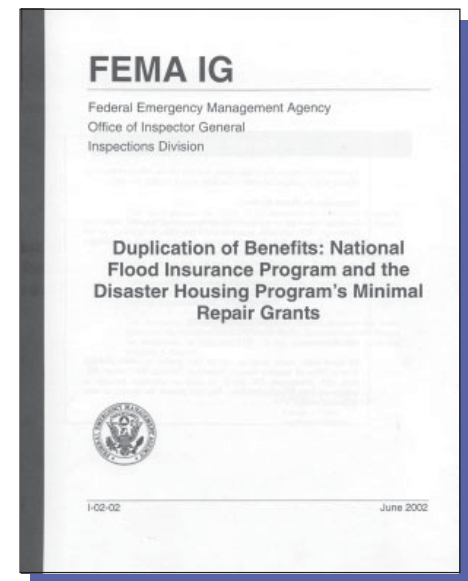
The OIG identified several opportunities for FIMA to enhance the management of the repetitive flood loss problem; we described these opportunities in our recommendations for program improvement.

### National Flood Insurance Program Harris County (Houston), Texas

In reviewing the current lists of repetitive losses for Tropical Storm Allison, a FEMA OIG Agent compared all the applicants that applied for and received FEMA assistance for Disaster Housing Repairs (DHR) only, with a list of all the insured in Harris County, Texas that filed and received National Flood Insurance Program (NFIP) and/or Write Your Own companies (WYO) money from the flooding event which occurred in June 2001. The comparison of the above two lists for individuals in Harris County, Texas, produced a list of six hundred and thirty subjects (630) that applied for and received duplication of benefits. An investigation of the 630 subjects is being conducted for possible violation of the Texas Penal Code relating to fraud. To date, 20 cases have been presented and accepted for prosecution by the Harris County District Attorney's Office.

### Duplication of Benefits: National Flood Insurance Program and the Disaster Housing Program's Minimal Repair Grants

When providing disaster assistance, FEMA must ensure that Duplication of Benefits (DOB) does not occur between its disaster assistance programs and insurance benefits or assistance provided by other Federal agencies. However, FEMA's internal controls are inadequate to detect and prevent DOB under the NFIP and the Disaster Housing Program's Minimal Repair Grants. The major internal control weakness is the inconsistency in data elements between



**FEMA has potentially paid millions of dollars in Duplication of Benefits because it does not screen for flood insurance prior to making disaster housing minimal repair grants.**

the NFIP and National Emergency Management Information System (NEMIS) databases. This hinders the ability to identify whether victims have flood insurance prior to paying for minimal repairs under the disaster housing program. Also, FEMA does not perform post-reviews to identify DOB. As a result, potential DOB remain undetected unless the recipient contacts FEMA.

FEMA has potentially paid millions of dollars in DOB because it does not screen for flood insurance prior to making disaster housing minimal repair grants. Our report made recommendations to improve controls over the flood insurance program.

### **Washington, D.C. Flood**

After severe flooding in the District of Columbia, an applicant fraudulently claimed rental property as a “primary” residence and received \$4,701.40 in FEMA funds. FEMA OIG investigated the case and charged the applicant with Theft of Government Property (18 USC 641). Investigation determined that the applicant was also a federal government employee with the Treasury Department. This individual was convicted in federal court and sentenced to 6 months probation, a \$500 fine, \$4,701.40 in restitution to FEMA, 100 hours community service, and terminated from federal employment.

## **ADMINISTRATION & RESOURCE PLANNING**

### **Management Letter for FEMA’s Fiscal Year 2001 Financial Statement Audit**

As part of FEMA’s FY 2001 financial statement audit, we issued a management letter identifying certain internal control and operational matters requiring FEMA management attention. The independent public accounting firm KPMG LLP performed the audit at our

direction and with our assistance. The management letter contained 24 recommendations to address the following issues:

- Office of Cerro Grande Fire Claims (OCGFC) documentation of claims and adherence to procedures,
- Control assessment of the OCGFC contractor’s claims system,
- Compliance with leave audit procedures,
- Error in updating payroll system parameter,
- Reconciliation and expensing of grants at two regions,
- Prompt removal of terminated employees from the National Emergency Management Information System,
- Reconciliation of reimbursable agreements,
- Determination of the allowance for loss on accounts receivable,
- Estimation of payables beyond cut-off dates,
- Depreciation of building improvements,
- Procedures for reporting performance information,
- Estimate of risk assumed information,
- Version control for the Integrated Financial Management Information System, and
- Preparation of annual assurance statements.

### **National Flood Insurance Program Management Letter for FEMA’s Fiscal Year 2001 Financial Statements**

In support of the Fiscal Year 2001 financial statement audit, we conducted compliance reviews at two Federal Insurance and Mitigation Administration (FIMA) contractors and five Write Your



**June 20, 2001**

**Upper Moreland, PA**

**Floodwaters floated a gas dryer at this apartment complex, causing a gas line to explode. Six people were killed.**



Own (WYO) companies. FIMA administers FEMA's National Flood Insurance Program (NFIP), and WYO companies sell and service related flood insurance policies. The review objective was to assess the quality of controls over financial, underwriting, and claims activities. We identified several matters involving internal control, compliance with NFIP rules and regulations, and operational inefficiencies. We recommended that FIMA create an action plan describing how it would follow-up with all the companies to ensure that corrective action has been taken and when this process would be completed. The independent public accounting firm KPMG LLP performed the reviews at our direction.

### **Internet Child Pornography Investigation**

An OIG investigation determined that a FEMA employee utilized a government computer to access Internet websites, chat rooms, and clubs involving child pornography. The employee was terminated from federal employment and charged in federal court with one count of 18 USC 2252 (Receiving and possessing child pornography). This individual pleaded guilty and is currently awaiting sentencing.

### **FEMA Deputy Fire Chief Impersonation Case San Jose, California**

An individual represented himself as a FEMA Deputy Fire Chief and an instructor at the U.S. Fire Academy to the San Jose Fire Department. An investigation conducted by the San Jose Police Department and FEMA/OIG resulted in searches being conducted on this individual's residence and vehicle. The vehicle was equipped with emergency lights, sirens, radios, exterior markings, and fire-fighting equipment, to include a Deputy Chief's helmet. The residen-

tial search identified false identification cards identifying this individual as a fire fighter, law enforcement officer, and member of FEMA, U.S. Fire Administration, U.S. Marshal's, California Office of Emergency Services, and various task forces. Blank official agencies fax and letterheads were also seized. On August 13, 2002, this individual pleaded guilty on two counts of false impersonation and was placed on Federal probation for two years. The State of California charges of impersonating an officer or emergency service worker were dismissed as a result of this plea agreement.

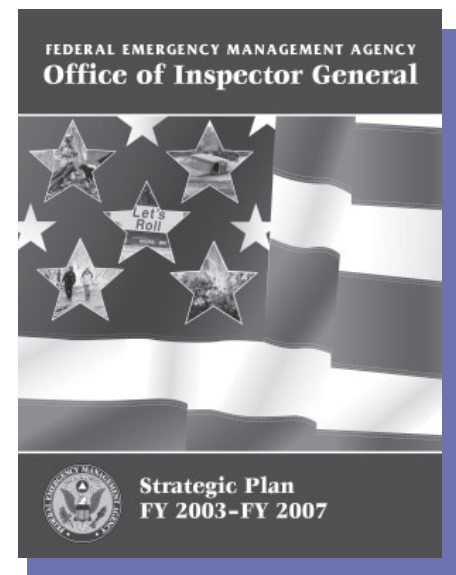
---

## **INFORMATION TECHNOLOGY SERVICES**

### **FEMA's Report to OMB – Government Information Security Reform Act**

Pursuant to the Government Information Security Reform Act (GISRA), the Office of Management and Budget (OMB) required FEMA and the OIG to report on the status of FEMA's information security program by September 16, 2002. The independent accounting firm KPMG LLP, at our direction and with our assistance, evaluated FEMA's information security program and practices.

We determined that FEMA has made progress during FY 2002 in improving its information security program, primarily through establishing the Office of Cyber Security, designing an information security program plan, and designing an information security certification and accreditation methodology to be used for future reviews. However, we made recommendations for further improvement that will help FEMA comply with GISRA and OMB's implementing guidance.



**The OIG's mission statement, goals, and strategies set forth in the Five-Year Strategic Plan are the foundation for measuring, reporting, and improving the OIG's performance over the next five years.**

## **Review of FEMA's Critical Infrastructure Assurance Program – Phase III**

As requested by the President's Council on Integrity and Efficiency (PCIE), we completed Phase III of the PCIE's four-phased initiative to review Federal agencies' activities regarding the protection of their critical infrastructure. The objective of Phase III was to determine the adequacy of planning and assessment activities for protecting agencies' critical physical, non-cyber infrastructure using PCIE procedures. Specifically, we reviewed whether FEMA had developed an effective plan for protecting its critical physical, non-cyber infrastructure; identified those critical assets and external dependencies; identified threats and/or vulnerabilities that could lead to loss, alteration, or unavailability of those assets; and developed remediation plans to address the risks identified.

FEMA has not fully complied with PDD-63, and as a result, we made recommendations in the areas of planning, vulnerability assessments, follow-up procedures, and coordination.

### **Audit of FEMA's Information Technology Capital Planning and Investment Control Process**

We evaluated the extent to which FEMA has implemented information technology (IT) capital planning and investment control processes that meet the requirements of the Clinger-Cohen Act of 1996 and OMB guidance. The independent public accounting firm KPMG LLP, at our direction and with our assistance, performed the audit. We found that FEMA needs to improve its selection, control, and evaluation of IT-related investments and its documentation supporting IT capital planning. Specifically, regarding

- ◆ *Selection* – FEMA has not established a process by which to consis-

tently analyze IT investment benefits, cost alternatives, and returns on investments; FEMA's Information Resources Board (IRB) has not been sufficiently proactive during the selection of IT investments; and the agency does not have a current and complete systems inventory.

- ◆ *Control* – FEMA has not established sufficient oversight or performance measures for IT projects; FEMA has not established a process by which to ensure that systems consistently meet user requirements; and the agency has not ensured that financial systems comply with relevant Federal financial system requirements.
- ◆ *Evaluation* – FEMA has not established a process for consistently performing post-implementation system reviews.
- ◆ *Documentation* – FEMA needs more complete documentation to support the agency's IT capital planning and investment program to comply with its own and Federal requirements.

We made recommendations that would help FEMA improve its information capital planning and investment control processes in order to meet the requirements of the Clinger-Cohen Act and OMB guidance.

---

## **OTHER SUPPORT ACTIVITIES**

### **Cerro Grande Fire Assistance Act Program New Mexico**

On May 4, 2000, the National Park Service initiated a prescribed burn, known as the Cerro Grande Prescribed Fire, which exceeded the containment capabilities. A presidential disaster was declared for the area in and around Los Alamos, New Mexico. Congress enacted

the Cerro Grande Fire Assistance Act to fully compensate victims whose claims are not covered by this presidential disaster declaration. On October 11, 2001, a nine count federal superseding indictment was filed against an individual who assumed the identity of a deceased acquaintance, and then filed false claims in the assumed name, charging her with two counts of mail fraud, and seven counts of money laundering. On January 11, 2002, this individual was found guilty in a federal jury trial of all twenty-three counts of money laundering, false claims, false use of a social security number, false impersonation, false statement, mail and wire fraud. Sentencing on the guilty convictions is still pending. This individual has petitioned the court for new counsel and the court has granted the motion. The State of New Mexico has also filed forgery and burglary charges against this individual as a direct result of this investigation and our cooperation with local authorities. The State of New Mexico criminal case will not begin until this individual is sentenced in federal court.

### Rodeo-Chediski Fires

The Rodeo fire began on June 18, 2002, and the Chediski fire began on June 21, 2002, as separate wildfires in eastern Arizona. The wildfires, which were combined to form one conflagration, were 100 percent contained by July 12, 2002. The wildfires burned in excess of 460,000 acres and destroyed a total of 426 structures. An estimated 1,700 homes were saved as a result of the firefighting effort.

Staff from FEMA OIG responded to a request from the Federal Coordinating Officer (FCO) to observe FEMA response and recovery efforts at the Disaster Field Office (DFO) in Mesa, Arizona. We offered advice and technical assis-

tance on audit related matters. Specifically, the OIG:

- Provided copies of two pamphlets: *Audit Tips for Managing Disaster-Related Costs* and *Debris Removal* to the Arizona Division of Emergency Management (ADEM) for their use and to include as handouts to applicants that attended the State applicants briefings.
- Attended daily FCO staff meetings and provided advice on audit matters to the FCO and his staff.
- Performed proactive reviews and assessments related to debris management in conjunction with the FEMA debris management specialist to ensure proper contracting, monitoring, and documenting of debris removal activities.
- Participated with FEMA and State program officials during applicant briefings. Discussed and answered questions raised by applicants on documentation requirements, records retention, audit process, and common pitfalls we found during our audits of disaster projects.
- Reviewed the latest work categories and cost estimates to determine the scope of damage and estimate of the amount of supplemental assistance required for this disaster. OIG was informed that the State will ask FEMA for reimbursement of work category B (Emergency Protective Measures) that are not covered by the Fire Management Program Grant.
- Discussed with program officials the issues and concerns related to Hazard Mitigations and Fire Management Programs.



**May 4, 2000**

**Los Alamos, NM**

**“Hot Shot” members from Zuni, NM, continue their fight with smoldering forest fires.**

### **Typhoon Chata'an - Territory of Guam and Island of Chuuk, Federated States of Micronesia (FSM)**

On July 5, 2002, Typhoon Chata'an brought torrential rains, high winds, and surf and tidal surges to the Territory of Guam, the Island of Chuuk, and the Federated States of Micronesia (FSM). Staff from FEMA OIG responded to a request from the FCO to assist the DFO staff on audit related matters. Specifically, we:

- Attended daily FCO staff meetings and other program related meetings to keep abreast of emerging response and recovery issues, such as using Technical Assistance Contractors to assist FEMA in eliminating contaminants (E-Coli) from Guam's water supply and providing food to residents of outlying islands of Chuuk, whose crops were destroyed by the Typhoon.
- Initiated proactive activities related to debris management. We visited 19 island-wide temporary debris sites, observed monitoring procedures, assessed security over illegal dumping, photographed debris removal and segregation activities,

and accompanied the U.S. Army Corps of Engineers to measure and categorize debris to compute cost estimates for use in determining reasonable contract bids for debris reduction and disposal.

- Reviewed Preliminary Damage Assessments to determine type and scope of damage and estimate of the amount of supplemental assistance required. We discussed Special Considerations with Public Assistance officials related to insurance requirements and hazard mitigation projects completed since the prior Typhoon (Paka) in 1997.
- Participated in applicant briefings with Public Assistance officials, briefed applicants on documentation and records retention requirements, and addressed common problems found during our audits of disaster projects.

Observed inventory procedures for issuing and restocking consumable items at the Pacific Logistics Centers of Guam and Hawaii and reviewed internal controls over recovery of non-consumable items such as generators and chainsaws.



**September 1996**

**North Carolina**

**A family leaves their American flag raised in the aftermath of Hurricane Fran.**



# Prevention Activities

## Hotline Complaints

During this reporting period we received a total of 1304 complaints, 743 received through the Hotline. Approximately half were associated with the May 2002 flood in West Virginia, and the June 2001 and July 2002 floods in Texas. Allegations of fraud associated with the September 11th terrorist attacks in New York accounted for 9 percent of our hotline complaints. Examples of allegations include:

- Applicants claimed losses that they did not incur, or were not entitled to claim.
- Co-applicants did not properly share/divide the funds received.
- Applicants did not use FEMA funds for intended purposes.
- State/local public officials used FEMA funds for other than intended purposes.
- Applicants' checks were diverted or stolen.
- Fraudulent claims for the loss of life, jobs/or business unaffected by the World Trade Center Terrorist Attacks.

## Disaster Fraud Management Training

In 1998, the OIG collaborated with the National White Collar Crime Center, the National Insurance Crime

Bureau, and the Small Business Administration to develop a two-day training course to assist State and local law enforcement in combating disaster related fraud. Disaster Fraud Management Training is designed to increase fraud awareness, educate in methods of fraud prevention and deterrence, and provide strategies to maximize resources. During this reporting period three courses were presented in Denton, Texas and Atlanta, Georgia to 108 professionals including prosecutors, investigators, emergency service personnel, and members of the insurance industry. To date, FEMA OIG has provided full funding and sponsorship for 640 individuals to attend this valuable fraud prevention training.

## OIG Law Enforcement Task Force Activities

The OIG continues to work under the auspices of the United States Attorney's Office with the United States Department of Justice—Antitrust Division, Federal Bureau of Investigation, Internal Revenue Service—Criminal Investigations Division and OIGs from the Department of Labor, Transportation, Interior, Small Business Administration and the Postal Inspection Service

During this reporting period, the Guam Task Force continued to conduct numerous complex and highly sensitive criminal investigations.

**Integrity Awareness**

Fraud prevention presentations continued to be made regularly at FEMA field and regional offices in the effort to heighten employee awareness. The presentations offered an overview of the OIG and reinforce the importance and responsibility of the employee to report allegations of wrongdoing. Additionally, we continued to participate in radio and television interviews to educate the public about potential fraud schemes. During this reporting period, we presented 41 fraud awareness briefings to 615 professionals from Federal, State and local agencies/organizations.

**Income Verification**

A claimant's annual income is an important consideration when determining disaster assistance eligibility. Fraud

in this area occurs when a claimant's income is under-reported and funds are improperly disbursed to ineligible parties. In response to this occurrence, OIG is examining ways of electronically verifying income prior to disbursement of funds, without affecting the operational efficiency of the Program. With no figures to quantify the problem, a preliminary assessment study is necessary. The study would compare reported income from past disaster relief recipients to income figures for those same individuals as reported to other sources. During this reporting period, discussions continued with FEMA Human Services to begin collecting data to determine the scope of income under-reporting as it relates to the Assistance to Individuals and Households program.

# Other OIG Activities

---

## **Oversight of Non-FEMA Audits**

We processed 27 audit reports prepared by non-FEMA auditors on FEMA programs and activities in compliance with our responsibility to do so, and we continue to monitor actions taken to implement the recommendations in those reports. We processed 20 reports relating to OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” and 7 contract reports. Seven reports identified \$3.6 million in questioned costs.

---

## **Audit Reports Unresolved Over Six Months**

Timely resolution of outstanding audit recommendations continued to be a priority at FEMA. As of this report date, there were 56 audit reports containing recommendations that were unresolved for more than 6 months. Of the 56 audit reports, 29 are reports on recipients of FEMA disaster grants. We are working closely with FEMA management on the resolution of those reports and anticipate closure before the next reporting period.



# Legislative and Regulatory Reviews

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of FEMA and to make recommendations concerning their impact. In reviewing regulations and legislative proposals, the primary basis for our comments are audit, inspection, investigation, and legislative experiences of the OIG. We also participate in the President's Council on Integrity and Efficiency, which provides a mechanism by which to comment on existing and proposed legislation and regulations that have a government-wide impact.

During this reporting period, the OIG reviewed 20 proposed changes to legislation, regulations, and policy and procedures that could affect FEMA. We also routinely reviewed drafts of FEMA program operation manuals, directives and instructions and provided comments on the agency's draft strategic plan.

However, our attention was largely focused on proposed legislation to create a new Department of Homeland Security. A number of bills to create a cabinet level Department of Homeland Security were introduced in the 107th Congress. The movement to create the new department gathered momentum when on May 22, 2002, the Senate Committee on Governmental Affairs favorably reported S.2492. On June 6, 2002, the President proposed the creation of a cabinet level Department of Homeland Security.

The President's proposal was introduced in the House of Representatives as the bill H.R. 5005. The House of Representatives moved to a quick consideration of the bill. During the last weeks of June and the first weeks of July, twelve committees of the House of Representatives considered the bill and made recommendations to the Select Committee on Homeland Security, created under House Resolution 449. The Select Committee on Homeland Security reported the bill favorably, and it passed the House of Representatives on July 26, 2002. The Senate began its consideration of the measure in September. At the time this report was being prepared, the bill was still under consideration in the Senate.

This legislation is of significant interest to FEMA-OIG for two reasons. First, all of FEMA's activities and programs are to be incorporated into the new agency under the proposed legislation. More importantly, FEMA is the only agency with a statutory Inspector General whose activities would be wholly subsumed in the new agency. For this reason, we have closely focused on provisions of the proposed



## Why does the Office of Inspector General review proposed legislation, regulations, and policy?

Section 4 of the Inspector General Act requires the Office of Inspector General to review all proposed legislation, regulations, and policies and make recommendations to FEMA.

legislation pertaining to the creation of an Office of Inspector General in the cabinet level department. Our activities related to the Department of Homeland Security include daily monitoring of committee hearings and floor deliberations, compiling the legislative history of H.R. 5005 and S.2492, responding to inquiries from members of the House and Senate and working through the President's Council on Integrity and Efficiency to assess the effect of the legislation on the Inspector General community as a whole.

We also devoted substantial attention to appropriations measures relating to FEMA, including H.R. 4775, the 2002 Supplemental Appropriations Act for Further Recovery From and Response To Terrorist Attacks on the United States, which was signed into law.

# FY 2002 Annual Performance Report

Unlike the preceding sections of this report, this section discusses the OIG's performance for the entire year. We are including this annual performance report in our *Semiannual Report to Congress* because it compliments the other sections of this report and provides important information on our overall accomplishments.

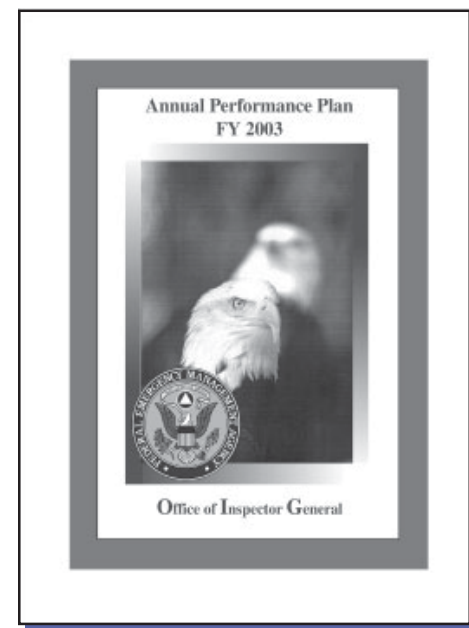
The OIG publishes an *Annual Performance Plan* describing the work we plan for the year and containing performance goals and indicators to measure our progress. The performance goals and indicators are in compliance with the Government Performance and Results Act and are linked to FEMA's Strategic Plan. They are designed to ensure that we deliver quality products and services and add value to FEMA's programs and operations. Our plan for fiscal year 2002 identified three performance goals:

Goal 1 - Add value to FEMA programs and operations.

Goal 2 - Ensure integrity of FEMA programs and operations.

Goal 3 - Deliver quality products and services.

This performance report assesses our performance against those three goals as measured by eleven performance indicators. We fell short on one of our performance measures. However, that did not prevent us from accomplishing our goals for fiscal year 2002. We believe that we have been very successful in adding value and integrity to FEMA programs and operations.



**This is our sixth Annual Performance Plan. It is linked to, and updates, our five-year "Strategic Plan for FY 2003-FY 2007."**



**FY 2002****Performance Goals  
and Indicators****Actual  
Performance****Goal 1. Add value to FEMA programs and operations.**

- |   |   |
|---|---|
| 1.1 Issue at least 13 reports on OIG projects.                    | 1.1 We issued 12 reports on OIG projects.   |
| 1.2 Issue 90 reports on audits of disaster grants.                | 1.2 We issued 64 reports on disaster grants. We were 30 percent short of our goal because we used our grant auditors on Headquarters' special projects and on statewide audits that required more time to complete than routine grant audits. |
| 1.3 Achieve at least 75 percent concurrence with recommendations. | 1.3 We achieved 95 percent concurrence with our recommendations.  |

**Goal 2. Ensure integrity of FEMA programs and operations.**

- |   |   |
|---|---|
| 2.1 At least 75 percent of investigations are accepted for criminal, civil, or administrative action.                               | 2.1 96.3 percent of our investigations were accepted for criminal, civil, or administrative action.                               |
| 2.2 At least 75 percent of investigations referred resulted in indictments, convictions, civil findings, or administrative actions. | 2.2 97.9 percent of our referred investigations resulted in indictments, convictions, civil findings, and administrative actions. |

**Goal 3. Deliver quality products and services.**

- |  |  |
|--|--|
| 3.1 Achieve compliance with individual development plan goals and the requirement that auditors receive 80 hours of continuing professional education every two years. | 3.1 We are into our third year of monitoring continuing professional development and are on target for achieving this performance indicator. |
| 3.2 Conduct at least one internal quality control review.  | 3.2 We conducted one internal quality control review this year.  |
| 3.3 Achieve zero repeat problems on external peer reviews.   | 3.3 No peer review was conducted in fiscal year 2002.  |

# Appendices

---



## **To whom does the OIG report information?**

The OIG is required by law to keep the FEMA Director and Congress fully and currently informed. The OIG also reports its findings and issues to FEMA management so that they can take appropriate and timely action to improve the efficiency and effectiveness of FEMA programs and operations.

---

## APPENDICES

<b>Appendix 1</b>	Audit Reports with Questioned Costs and Funds Put to Better Use
<b>Appendix 2</b>	Compliance—Resolution of Reports and Recommendations
<b>Appendix 3</b>	Management Reports Issued
<b>Appendix 4</b>	Financial Assistance Audit Reports Issued
<b>Appendix 5</b>	Schedule of Questioned Costs—Amounts Due and Recovered

---

## Definitions

### Questioned costs

Auditors commonly question costs arising from an alleged violation of a provision of a law, regulation, grant, cooperative agreement or contract. A questioned cost is a finding in which, at the time of the audit, a cost is not supported by adequate documentation or is unreasonable or unallowable. A funding agency is responsible for making management decisions on questioned costs, including an evaluation of the findings and recommendations in an audit report. A management decision against the auditee would transform a questioned cost into a disallowed cost.

### Unsupported cost

It is a cost that is not supported by adequate documentation.

### Funds put to better use

Audits can identify ways to improve the efficiency of programs, resulting in cost savings over the life of an award. Unlike questioned costs, the auditor instead recommends methods for making the most efficient use of Federal dollars such as reducing outlays, deobligating funds or avoiding unnecessary expenditures.

## APPENDIX 1

# Audit Reports with Questioned Costs and Funds Put to Better Use

## QUESTIONED COSTS

Report Category	Number	Questioned Costs	Unsupported Costs
A. Reports pending management decision at the start of the reporting period	52	\$62,081,781	\$32,991,111
B. Reports issued/processed during the reporting period with questioned costs	21	\$5,398,072	\$972,449
Total Reports (A+B)	73	\$67,479,853	\$33,963,560
C. Reports for which a management decision was made during the reporting period	18	\$9,579,230	\$5,355,335
(1) disallowed costs	18	\$3,233,813	\$914,097
(2) accepted costs	8	\$6,474,887	\$4,441,238
D. Reports put into appeal status during period	0	\$0	\$0
E. Reports pending a management decision at the end of the reporting period	50	\$57,771,153	\$29,086,505
F. Reports for which no management decision was made within six months of issuance	32	\$52,714,243	\$28,188,605

### Notes and Explanations:

“Management Decision” occurs when management informs the OIG of its intended action in response to a recommendation and the OIG determines that the proposed action is acceptable.

“Accepted Cost” is previously questioned cost accepted in a management decision as an allowable cost to a Government program. Before acceptance, the OIG must agree with the basis for the management decision.

In Category C, lines (1) and (2) do not always equal the total on line C since resolution may result in values greater than the original recommendations.

---

**APPENDIX 1**

# Audit Reports with Questioned Costs and Funds Put to Better Use

---

**FUNDS PUT TO BETTER USE**

---

Report Category	Number	Amount
A. Reports pending management decision at the start of the reporting period	16	\$42,924,209
B. Reports issued during this reporting period	0	\$0
Total Reports (A+B)	16	\$42,924,209
C. Reports for which a management decision was made during the reporting period	7	\$8,959,154
(1) Value of recommendations agreed to by management	5	\$8,727,140
(2) Value of recommendations not agreed to by management	2	\$232,014
D. Reports put into the appeal status during the reporting period	0	\$0
E. Reports pending a management decision at the end of the reporting period	9	\$33,965,055
F. Reports for which no management decision was made within six months of issuance	9	\$33,965,055

In Category C, lines (1) and (2) do not always equal the total on line C since resolution may result in values greater than the original recommendations.

APPENDIX 2

Compliance—Resolution of Reports and Recommendations

COMPLIANCE

1. Recommendations in Reports more than 6 months old for which a management decision is still pending.

3/30/02	9/30/02
Reports / Recommendations	Reports / Recommendations
35 / 168	56 / 273

2. Current Inventory

OPEN REPORTS

3/30/02	Current Period	9/30/02
Open	Issued / Closed	Open
140	36 / 35	141

ACTIVE RECOMMENDATIONS

3/30/02	Current Period	9/30/02
Open	Issued / Closed	Active
616	169 / 131	654

Notes and Explanations:

**Open reports** are those containing one or more recommendations for which a management decision or final action is pending.

**Active Recommendations** are recommendations awaiting a management decision or final action.

**Final Action** is the completion of all management actions—as described in a management decision—with respect to audit findings and recommendations.

---

**APPENDIX 3**

# Management Reports Issued

(In thousands)

---

**MANAGEMENT REPORTS**

---

Program Office/Report Subject	Report Number	Date Issued	Funds To Be Put To Better Use
<b>FEDERAL INSURANCE AND MITIGATION ADMINISTRATION</b>			
1. Extent that Mitigation Funds are Used to Address Repetitive Flood Loss and Other Related Issues	I-01-02	5/02	\$0
2. Duplication of Benefits: National Flood Insurance Program and the Disaster Housing Program's Minimal Repair Grants	I-02-02	6/02	\$0
3. Invalid Preferred Risk Policies Base on Loss History	I-04-02	9/02	\$0
4. National Flood Insurance Program - Management Letter for Fiscal Year 2001 Financial Statements	H-06-02	9/02	\$0
<b>INFORMATION TECHNOLOGY SERVICES</b>			
5. Network and System Penetration Study in Support of the FY 2001 FEMA Financial Statement	H-08-02	9/02	\$0
6. Critical Infrastructure Assurance Program Phase III	H-09-02	9/02	\$0
7. Information Technology Capital Planning and Investment Control Process	H-10-02	9/02	\$0
8. Government Information Security Reform Act	H-SE-02-02	9/02	\$0
<b>ADMINISTRATION AND RESOURCE PLANNING</b>			
9. Management Letter for FEMA's Fiscal Year 2001 Financial Statement Audit	H-07-02	9/02	\$0
<b>Total</b>			<b>\$0</b>



## APPENDIX 4

# Financial Assistance Audit Reports Issued

## FINANCIAL ASSISTANCE

Report Number	Date Issued	Auditee	Questioned Costs	Unsupported	Funds Put To Better Use
1. C-09-02	7/02	City of Davenport, Iowa	\$129,461	\$54,988	\$0
2. C-10-02	9/02	Claiborne Electric Cooperative , Inc. Homer, Louisiana	\$65,429	\$10,826	\$0
3. C-11-02	1/00	Texas Department of Transportation	\$2,658	\$0	\$0
4. C-12-02	9/02	State of New Mexico Administration of Disaster Asssitance Funds	\$0	\$0	\$0
5. C-13-02	9/02	State of Iowa Administration of r Disaste Assistance Funds	\$12,248	\$4,843	\$0
6. E-22-02	4/02	City of Harrisburg, Pennsylvania	\$0	\$0	\$0
7. E-23-02	4/02	Virgin Islands Department of Education	\$263,260	\$0	\$0
8. E-24-02	5/02	State of Maine Administration of Disaster Assistance Funds	\$0	\$0	\$0
9. E-25-02	6/02	State of Virginia Administration of Disaster	\$0	\$0	\$0
10. E-26-02	9/02	City of Tampa, Florida	\$6,126	\$0	\$0
11. E-27-02	9/02	Municipality of Hormigueros, Puerto Rico	\$959,864	\$811,346	\$0
12. E-28-02	9/02	Wake County, Raleigh, North Carolina	\$84,243	\$2,390	\$0
13. E-29-02	9/02	City of Key West Utility Board, Florida	\$192,015	\$0	\$0
14. E-30-02	9/02	City of Wilson, North Carolina	\$25,868	\$0	\$0
15. E-SE-01-02	8/02	Proposed Funding of Construction Work at the Christopher and 9th Street Path Stations, Manhattan, New York	\$0	\$0	\$0
16. W-13-02	4/02	City of Corona, California	\$73,885	\$72,385	\$0
17. W-14-02	4/02	City of Anaheim, California	\$10,301	\$3,827	\$0
18. W-15-02	4/02	Turlock Irrigation District, California	\$4,017	\$2,164	\$0
19. W-16-02	8/02	Berkeley Unified School District, California	\$0	\$0	\$0
20. W-17-02	9/02	City of Pacifica, California	\$11,462	\$9,680	\$0
21. W-18-02	9/02	Mason County Public Utilities District Number 3, Shelton, Washington	\$0	\$0	\$0
Total			\$ 1,840,837	\$ 972,449	\$0

---

**APPENDIX 5**

# Schedule of Amounts Due and Recovered

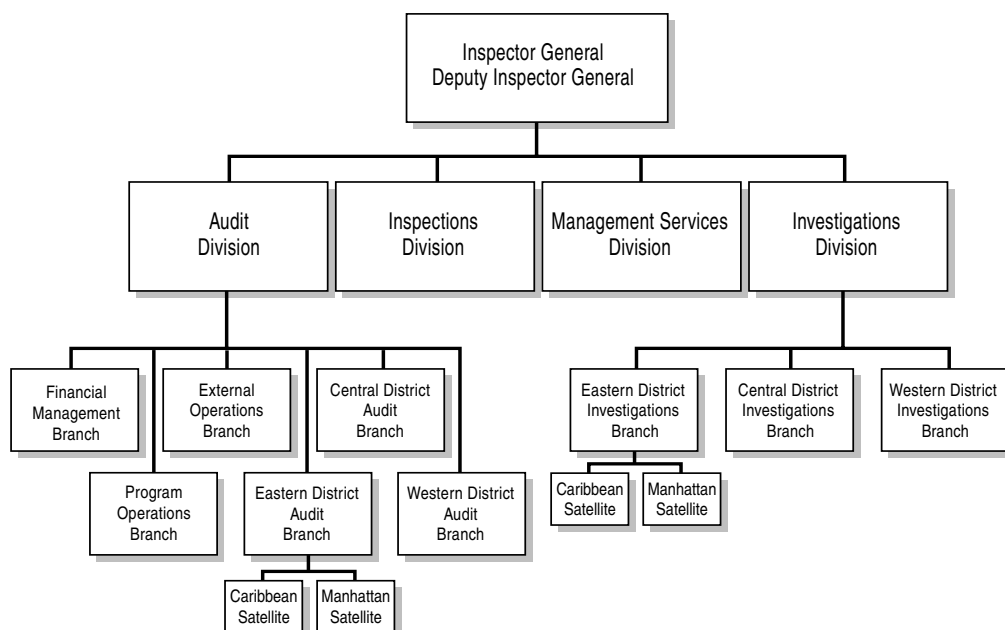
---

**DUE AND RECOVERED**

---

Report Number	Date Issued	Auditee	Amount Due	Recovered Costs
1. C-04-02	12/01	City of Iowa City, Iowa	\$0	\$5,046
2. C-06-02	1/02	City of Oklahoma City, Oklahoma	\$0	\$274,127
3. C-07-02	2/02	Red River Valley Cooperative Power Association, Minnesota	\$0	\$192,885
4. E-37-99	8/99	Virginia Department of Transportation	\$0	\$3,511,389
5. E-05-00	11/99	Georgia Board of Regents	\$0	\$6,063,206
6. E-41-00	9/00	State of Maryland Administration of Disaster Assistance Funds	\$0	\$38,107
7. E-21-01	3/01	Illinois Department of Transportation	\$0	\$259,670
8. E-28-01	4/01	Municipality of Gurabo, Puerto Rico	\$0	\$221,370
9. E-36-01	7/01	Redbank Valley School District, Pennsylvania	\$29,645	\$0
10. E-40-01	8/01	City of Mobile, Alabama	\$0	\$94,901
11. E-43-01	9/01	Municipality of Loiza, Puerto Rico	\$0	\$129,470
12. E-06-02	11/01	Virgin Islands Home Protection Roofing Program	\$507,437	\$0
13. E-10-02	1/02	Gwinnett County, Georgia	\$269,604	\$0
14. E-11-02	1/02	Maine Military Bureau	\$0	\$144,779
15. E-13-02	1/02	Maine Department of Human Services	\$0	\$29,090
16. E-16-02	2/02	Horry County, South Carolina	\$50,318	\$0
17. E-18-02	2/02	City of Boston, Massachusetts	\$0	\$62,345
18. E-21-02	3/02	Municipality of Naranjito, Puerto Rico	\$0	\$32,390
19. E-23-02	4/02	Virgin Island Department of Education	\$263,260	\$0
20. W-24-01	5/01	City and County of San Francisco, California	\$0	\$849,244
21. W-13-02	4/02	City of Corona, California	\$0	\$73,885
22. W-15-02	4/02	Turlock Irrigation District, California	\$0	\$4,017
<b>Total</b>			<b>\$1,120,264</b>	<b>\$11,985,921</b>

# Federal Emergency Management Agency Office of Inspector General



## OIG Points of Contact

**Inspector General** (202) 646-3910

**PCIE Liaison** (202) 646-4632

**Audit Division** (202) 646-3911

### Management

**Services Division** (202) 646-3140

**Inspections Division** (202) 646-3911

**Investigations Division** (202) 646-3894

**GAO/DCAA Liaison** (202) 646-3221

**Single Audit Liaison** (202) 646-3221

## Requests for Reports:

**Telephone** (202) 646-4166

**E-Mail** [rita.rios@fema.gov](mailto:rita.rios@fema.gov)

## OIG Hotline:

**Telephone** (1-800) 323-8603

**Spanish Telephone** (1-800) 794-6690

**Internet E-mail** <http://www.fema.gov/ig/hotline.shtm>

## OIG Internet Home Page:

<http://www.fema.gov/ig/>



# Index of Reporting Requirements

The specific reporting requirements prescribed in the Inspector General Act of 1978, as amended in 1988, are listed below with a reference to the pages on which they are addressed.

Requirements	Pages
Section 4(a)(2) Review of Legislation and Regulations	21-22
Section 5(a)(1) Significant Problems, Abuses, and Deficiencies	8-16
Section 5(a)(2) Recommendations with Significant Problems	8-16
Section 5(a)(3) Prior Recommendations Not Yet Implemented	29
Section 5(a)(4) Prosecutive Referrals	None
Section 5(a)(5) & Section 6(b)(2) Summary of Instances Where Information Was Refused	None
Section 5(a)(6) Listing of Audit Reports	30-32
Section 5(a)(7) Summary of Significant Audits	8-16
Section 5(a)(8) Reports with Questioned Costs	27, 31
Section 5(a)(9) Reports Recommending That Funds Be Put to Better Use	28, 30-31
Section 5(a)(10) Summary of Reports Where No Management Decision Was Made	27-28
Section 5(a)(11) Revised Management Decisions	None
Section 5(a)(12) Management Decision Disagreements	None

1/ In FEMA's audit follow-up process, the Office of Financial Management monitors and reports on corrective actions after a decision has been reached. Corrective action information is transmitted in the Director's Report to Congress.



# Customer Survey

The Office of Inspector General has a continuing interest in providing informative semiannual reports to its customers. In this regard, we are soliciting your suggestions to improve the report. We ask that you complete and return this survey sheet to:

**Federal Emergency Management Agency  
Office of Inspector General  
500 C Street, S. W., Room 506  
Washington, D.C. 20472**

**Attention: James Daniels**

**Your name:**

**Your daytime telephone number:**

**Your suggestion(s) for improvement:**  
*(please include additional sheets if needed)*

If you would like to discuss your suggestion(s) with a staff member of the Office of Inspector General or would like more information, please call Mr. Daniels at (202) 646-3221, or contact him on the Internet at **[james.daniels@fema.gov](mailto:james.daniels@fema.gov)**

# Notes



# Notes



# IG

## OFFICE OF INSPECTOR GENERAL

| [home](#) | [site help](#) | [search](#) | [feedback](#) | [library](#) |



## HOTLINE

**If you have knowledge of fraud, waste, or abuse involving FEMA contracts, programs or personnel, call the Fraud Hotline at:**

**1-800-323-8603**

*or write:*

Office of Inspector General  
Federal Emergency Management Agency  
500 C Street, S.W.  
Washington, DC 20472

*or use Internet Electronic Mail*

**<http://www.fema.gov/ig/hotline.shtm>**

### Hotline Complaints

The OIG continues to promote and publish the Fraud Hotline in furtherance of our efforts to prevent and deter crime. Hotline posters in both English and Spanish format are displayed in locations frequented by the general public to encourage their responsibility.

# **OFFICE OF INSPECTOR GENERAL**

**April 1, 2002 – September 30, 2002**

